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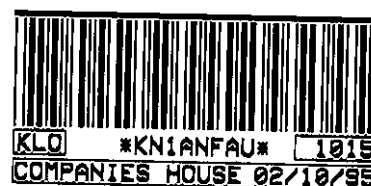
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# Brush Electrical Machines Limited

## Report and Accounts

For The Year Ended 31 December 1994

Registered No. 111849



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DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1994.

**RESULTS AND DIVIDENDS**

The profit for the financial year amounted to £346,000 (1993 - £10,680,000). The directors recommend a dividend of £300,000 (1993 - £36,000,000) which leaves a profit of £46,000 (1993 - £25,320,000 loss) to be retained.

**REVIEW OF THE BUSINESS**

With effect from 31 December 1993 the company transferred its business and net trading assets to Hawker Siddeley Industries Limited, a fellow group company.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

Mr R P Hampson (Chairman)  
Mr W M M Petrie (Managing Director)  
Mr C P Jones  
Mr A R Permain  
Mr J S Tyrrell  
Mr D N Wells  
Mr R Follows  
Miss K A O'Donovan  
Mr R C Brown

No directors had any interest in the shares of the Company. Miss K A O'Donovan is a director of BTR plc, the ultimate parent undertaking, and her interest in the shares of that company is disclosed in its accounts.

# Brush Electrical Machines Limited

## DIRECTORS' REPORT

The interests of the other directors in the shares of BTR plc were:

	31 December 1994				1 January 1994			
	share option schemes				share option schemes			
	Senior				Senior			
	Listed	Warrants	Executive	SAYE	Listed	Warrants	Executive	SAYE
R P Hampson	650	19	41,666	-	650	19	41,666	-
W M M Petrie	-	-	29,666	9,878	-	-	16,666	7,074
C P Jones	-	-	19,000	8,872	-	-	10,000	7,470
A R Permain	-	-	19,000	-	-	-	10,000	-
J S Tyrrell	-	-	19,000	5,335	-	-	10,000	3,933
D N Wells	-	-	19,000	7,378	-	-	10,000	7,378
R C Brown	1,000	-	84,998	5,609	-	-	64,998	1,177

Share options related to the shares of BTR plc granted to, and exercised by, the directors of Brush Electrical Machines Limited during 1994, were as follows:

	Granted	Exercised	Lapsed
As part of the senior executive scheme:			
W M M Petrie	13,000	-	-
C P Jones	9,000	-	-
A R Permain	9,000	-	-
J S Tyrrell	9,000	-	-
D N Wells	9,000	-	-
R C Brown	20,000	-	-

As part of the SAYE scheme:

W M M Petrie	2,804	-	-
C P Jones	1,402	-	-
J S Tyrrell	1,402	-	-
R C Brown	5,609	-	1,177

No director was interested during or at the end of the year in any contract which was significant in relation to the company's business.

# Brush Electrical Machines Limited

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## DIRECTORS' REPORT

### GENERAL INFORMATION

BTR plc maintains a policy of liability insurance for the BTR group's officers.

### AUDITORS

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 17 December 1990. Accordingly, Ernst & Young shall be deemed to be reappointed as auditors 28 days after the accounts are sent to the members.

By order of the Board 16/95



Per Pro BTR Secretaries Limited  
Secretary

Silvertown House  
Vincent Square  
London SW1P 2PL

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
to the members of Brush Electrical Machines Limited

We have audited the accounts on pages 8 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 11.

*Respective responsibilities of directors and auditors*

As described on page 6 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

*Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

*Opinion*

In our opinion the accounts give a true and fair view of the state of the affairs of the company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
*1 June 1995*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Leicester

# Brush Electrical Machines Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	<i>Notes</i>	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
<b>TURNOVER FROM DISCONTINUED OPERATIONS</b>	2	-	104,353
Operating costs less other operating income	3	-	(87,400)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
<b>BEFORE TAXATION</b>	2	-	16,953
Taxation	6	346	(6,273)
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		346	10,680
Dividends		(300)	(36,000)
		<hr/>	<hr/>
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		46	(25,320)
		<hr/>	<hr/>

The notes on pages 11 to 15 form part of these accounts.

### STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no other recognised gains and losses other than the profit for the financial year of £346,000 in the year ended 31 December 1994 and £10,680,000 in the year ended 31 December 1993.



# Brush Electrical Machines Limited

## BALANCE SHEET

at 31 December 1994

	Notes	1994 £000	1993 £000
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	7	5,793	11,466
<b>CREDITORS: amounts falling due within one year</b>	8	(1,236)	(6,955)
<b>NET CURRENT ASSETS</b>		<u>4,557</u>	<u>4,511</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,557</u>	<u>4,511</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Other reserves	10	493	493
Profit and loss account	10	3,064	3,018
		<u>4,557</u>	<u>4,511</u>

Approved by the board on 1st JUNE 1995.

- Director



The notes on pages 11 to 15 form part of these accounts.

# Brush Electrical Machines Limited

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1994

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	346	10,680
Dividends	(300)	(36,000)
<b>NET ADDITION TO/(REDUCTION FROM) SHAREHOLDERS' FUNDS</b>	46	(25,320)
Opening shareholders' funds	4,511	29,831
Closing shareholders' funds	4,557	4,511

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<i>1994</i> <i>£'000</i>	<i>1993</i> <i>£'000</i>
Reported profit on ordinary activities before taxation	-	16,953
Realisation of property revaluation losses of previous years	-	(298)
Historical cost profit on ordinary activities before taxation	-	16,655
Historical cost profit/(loss) for the year retained after taxation and dividends	46	(25,618)

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards.

*Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the year end. Exchange differences arising from the retranslation of foreign currency denominated assets and liabilities together with other exchange differences arising in the year are included in the profit and loss account.

*Trading profit*

Trading profit is taken when goods are delivered and title passes to the customer or when services are rendered, and is stated after making allowance for the estimated cost of after sales service and other expenditure to be incurred subsequently. In the case of contracts extending over more than one year, in general, a prudent level of profit attributable to the proportionate deliveries is taken up if the final outcome of such contracts can be reliably assessed. On all contracts full provision is made for any losses in the year in which they are first foreseen.

*Research and development expenditure*

Research and development expenditure, other than that specifically recoverable under contracts, is written off in the year in which it is incurred.

*Operating leases*

Rentals paid under operating leases are charged to the profit and loss account as incurred.

*Depreciation of tangible assets*

Tangible assets are depreciated over the estimated useful lives at the following rates applied to original cost or subsequent valuation:

Freehold buildings	- 2% per annum
Plant and machinery	- 7.5% to 20% per annum
Computer software	- 33⅓%

*Deferred taxation*

Provision for deferred taxation is made for liabilities which may arise in the foreseeable future.

# Brush Electrical Machines Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover, which is stated net of value added tax, has been determined by reference to the selling value of goods delivered and services rendered during the year and arises from goods produced in the United Kingdom.

Turnover and profit before taxation are derived from a single business segment, being the discontinued principal activities of the company. An analysis of turnover and profit on ordinary activities before taxation by geographical market of turnover is as follows:

	<i>Turnover</i>		<i>Profit before tax</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
United Kingdom	-	33,836	-	4,987
Europe and Middle East	-	13,002	-	2,026
Africa	-	948	-	152
Far East and Australasia	-	10,132	-	1,608
The Americas	-	46,435	-	8,180
	<u>-</u>	<u>104,353</u>	<u>-</u>	<u>16,953</u>

### 3. OPERATING COSTS LESS OTHER OPERATING INCOME

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Change in stocks of finished goods and work in progress	-	4,150
Other operating income	-	(15)
Raw materials and consumables	-	31,936
Other external charges	-	18,842
Staff costs (Note 5)	-	30,683
Depreciation	-	1,804
	<u>-</u>	<u>87,400</u>

Operating costs less other income is stated after charging:

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Depreciation of owned fixed assets	-	1,804
Research and development expenditure written off	-	878
Operating lease rentals - plant and machinery	-	455
Auditors' remuneration	-	32
Directors' emoluments (Note 4)	-	544

# Brush Electrical Machines Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 4. DIRECTORS' REMUNERATION

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Directors' emoluments	<u>Nil</u>	<u>544</u>

	<i>1994</i>	<i>1993</i>
	<i>£</i>	<i>£</i>

Remuneration, excluding pension contributions, includes the following:

Chairman	<u>Nil</u>	<u>Nil</u>
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Highest paid director	<u>Nil</u>	<u>106,054</u>
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Scale of remuneration of directors (excluding pension contributions):

	<i>1994</i>	<i>1993</i>
	<i>No.</i>	<i>No.</i>
£0-5,000	9	4
£60,001-65,000	-	2
£65,001-70,000	-	2
£70,001-75,000	-	1
£100,001-105,000	-	1

### 5. EMPLOYEES

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	-	27,645
Social security costs	-	2,822
Other pension costs	-	216
	<u>-</u>	<u>30,683</u>

The average weekly number of employees during the year was as follows:

	<i>1994</i>	<i>1993</i>
	<i>No.</i>	<i>No.</i>
Administration	-	285
Production	-	1,336
Marketing	-	115
	<u>-</u>	<u>1,736</u>

# Brush Electrical Machines Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1994 £000	1993 £000
UK corporation tax at 33% (1993 - 33%)	-	(5,448)
Adjustments relating to prior years	346	(825)
	<u>346</u>	<u>(6,273)</u>

### 7. DEBTORS

	1994 £000	1993 £000
Amounts falling due within one year:		
Amounts due by parent and fellow subsidiary undertakings	5,793	11,466
	<u>5,793</u>	<u>11,466</u>

### 8. CREDITORS: amounts falling due within one year

	1994 £000	1993 £000
Corporation tax	1,236	6,955
	<u>1,236</u>	<u>6,955</u>

### 9. CALLED UP SHARE CAPITAL

	1994 £000	Authorised 1993 £000	Allotted, issued and fully paid 1994 £000	1993 £000
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 10. RESERVES

	Capital reserve £000	Profit and loss account £000
At 1 January 1994	493	3,018
Retained profit for the financial year	-	346
Dividends	-	(300)
At 31 December 1994	<u>493</u>	<u>3,064</u>

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 11. CASHFLOW STATEMENT

As the company is a wholly owned subsidiary undertaking of BTR plc, a company registered in England and Wales, which prepares a consolidated cashflow statement, the company has taken advantage of the exemption provided under paragraph 8 of FRS1, not to prepare a cashflow statement.

### 12. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Brush Electrical Machines Limited is BTR plc, a company registered in England and Wales. Copies of the group accounts of BTR plc, the parent undertaking of the only group preparing group accounts which include Brush Electrical Machines Limited, can be obtained from the Company Secretarial Department, BTR plc, Silvertown House, Vincent Square, London SW1P 2PL.